



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
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IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

AMENDMENT TO PRIOR LAND BOARD ACTION OF JULY 14, 2006,
UNDER AGENDA ITEM M-1, REGARDING ISSUANCE OF DIRECT LEASE TO
PARADISE INN HAWAII, LLC, DBA TSUKIJI FISH MARKET RESTAURANT,
PARCEL 6, DOMESTIC COMMERCIAL FISHING VILLAGE, VICINITY OF
PIER 38, HONOLULU HARBOR, HONOLULU, OAHU

At its meeting of July 14, 2006, under agenda Item M-1, the Land Board authorized the issuance of a direct lease to Paradise Inn Hawaii, LLC, dba Tsukiji Fish Market Restaurant (Paradise), as shown on the attached Exhibit "A." Harbor Lease H-07-32 was issued to Paradise for 35 years for the period October 1, 2007 to September 30, 2042. Due to requirements that the lessee make substantial improvements to the premises, the Lessor agreed to waive the ground lease rent at the commencement date of the lease for a period of one year or until the lessee occupied and commenced operations, whichever occurred sooner.

Various contract interpretation issues, as well as operational restrictions within the Fishing Village, delayed the lessee from moving forward with its construction schedule. Due to the time necessary to review and amicably resolve the issues, the department is agreeable to adjust the commencement date of the lease from October 1, 2007 to September 1, 2009. The lease expiration date of September 30, 2042 will also be adjusted to August 31, 2044. The Lessor further agrees to waive the ground lease rent at the commencement date of the lease for a period of one year or until the lessee occupies and commences operations, whichever occurs sooner. In consideration for the adjustment in the commencement date, Paradise has agreed to assume all Common Area Maintenance fees assessed from October 1, 2007 (original commencement date of lease). The payment of the Common Area Maintenance fees shall not be construed as rent or applied to any rent that may become due under the proposed modification.

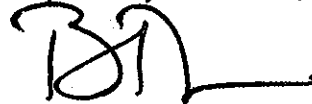
Paradise is committed to timely proceed with its business plans for the property and undertake construction of its improvements.

RECOMMENDATION:

That the Board amends its action of July 14, 2006, under agenda Item M-1, subject to the following terms and conditions:

1. Commencement and Expiration Date: September 1, 2009 to August 31, 2044.
Lessor further agrees to waive the ground lease rent at the commencement date of the lease for a period of one year or until the lessee occupies and commences operations, whichever occurs sooner.
2. All other terms and conditions of the Land Board action of July 14, 2006, under agenda Item M-1, shall remain the same.
3. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



BRENNON T. MORIOKA, Ph.D., P.E.
Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:



LAURA H. THIELEN
Chairperson and Member

DOMESTIC COMMERCIAL FISHING VILLAGE PROJECT MAP

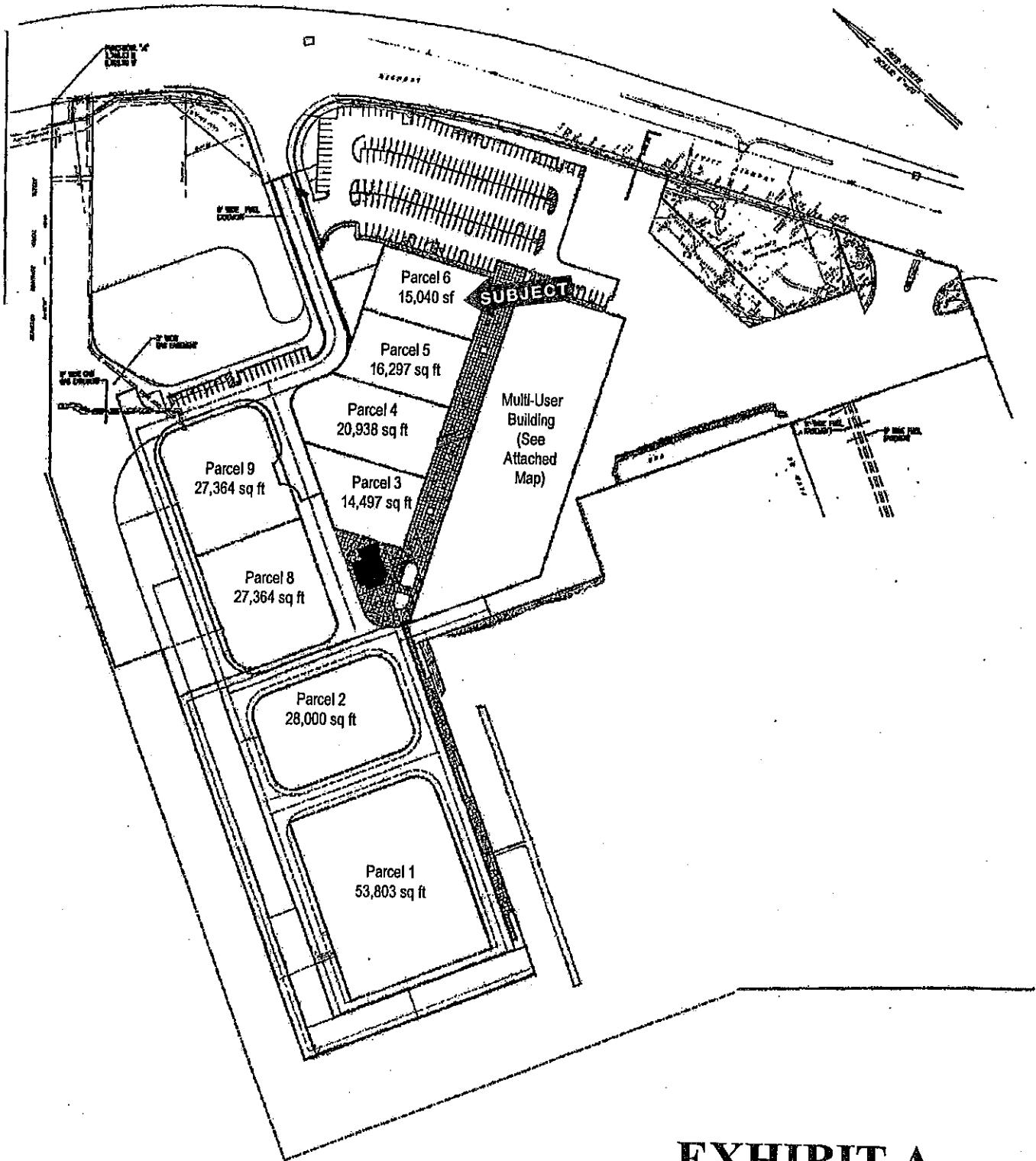


EXHIBIT A